The National Policy

A Speech delivered by

THOMAS WHITE Jr.

in London, Ontario, January 12, 1877

Published by

THE KELOWNA COURIER LTD.,
KELOWNA, B.C.

R. P. MacLEAN, Editor and Publisher.

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BIOGRAPHICAL NOTE

THOMAS WHITE (1830-1888), Minister of the Interior for Canada (1885-8), was born in Montreal, Lower Canada, on August 7, 1830, the son of Thomas White, a leather merchant. He was educated at the Montreal high school, and became a journalist. In 1853 he founded, at Peterborough, Ontario, the Peterborough Review, and he conducted this paper until 1860. In 1864, after studying law for several years, he founded, with his brother, the Hamilton Spectator; in 1869 he was sent to England as an emigration agent of the Canadian government; and in 1870 he assumed control of the Montreal Gazette. After several unsuccessful attempts to enter parliament, he was in 1878 elected to represent Cardwell in the Canadian House of Commons as a Conservative; and he sat for this constituency for the rest of his life. In 1885 he became Minister of the Interior in the Macdonald government; and on him devolved the reorganization of the government of the N.W.T. after the second Riel rebellion. He died at Ottawa on April 21, 1888.

PREFACE

A fact of Canadian history too often neglected by writers, economists and others who should know better is the important part played by Sir John A. Macdonald's "National Policy" of tariff protection in enabling the infant nation created by Confederation to survive.

It is not generally remembered that early pressure towards amalgamation with the United States continued even after Confederation became a reality. Confederation, in itself, did little more than check the growth of this pressure for a short time and the effective counteraction to annexationist sentiment was found by Macdonald in the "National Policy."

It is important to note that annexationist sentiment was strongest among Canadians of British descent. French-Canadians, lacking hereditary attachment to the Crown, were nevertheless strong opponents of annexation, feeling that their right to use their own language and to practise their religion freely was more secure under British rule than it would be if Canada became part of the United States.

The main feature of the National Policy was a protective tariff. At first sight, this must have seemed a strange device for strengthening loyalty to the Crown, for, it was generally admitted, even by protectionists, that Britain's wealth had grown immensely under a system of free trade. But it also had to be recognized that Canada's position was not comparable with that of Great Britain. Britain was far ahead of her rivals in industrial development. Canada, a

nation of four million people next door to a growing and energetic nation of forty million, needed protection if she were to survive.

Protection of developing Canadian industry against the inroads of United States competitors was not protection only for the owners of Canadian factories. It was protection of the Canadian worker's right to work at his trade. It was encouragement for the founding of new wealth-producing enterprises. It was a guarantee of security for new capital investment from abroad. It was a method of attracting from aboard new consumers to form a stable market for products of both farm and factory. It guaranteed the growth of Canada as a nation.

The need of a sensible tariff policy still exists.

A case in point is that of the fruit and vegetable industry, especially that of British Columbia. If for no other reason than geography, the British Columbia fruit industry needs some man-made protection if it is to exist. While it is not generally realized, the fact remains that in British Columbia fruit is grown commercially almost four hundred miles further north than it is anywhere else on this continent.

The Georgian Bay area of Ontario, which grows apples, is about as far north as Bend, Oregon. It sits just north of the 44th parallel, while Kelowna, the centre of the Okanagan Valley, is just north of the 50th parallel and, as a degree is slightly more than 69 miles, it is quite safe to write the statement made in the above paragraph.

To put it another way, Kelowna is as far north as Sioux Lookout or Hearst in Northern Ontario, an area which certainly does not produce fruit commercially.

This point is emphasized, not to laud the Okanagan Valley's climate, but to emphasize the fact that the Okana-

gan's fruits and vegetables are late in achieving maturity; that the great producing areas in the United States are well into the peak seasons when Canada's are just coming into production.

Without some tariff protection, therefore, it is obvious that the Canadian fruit and vegetable industry, on a commercial basis at least, would be entirely non-existent and the Canadian people would have to use fruits and vegetables of whatever quality, and at whatever price, our American friends chose to provide us.

It should be understood that about sixty per cent of the fresh fruits and vegetables entering Canada do so duty free. The balance is subjected to a small seasonal impost for a few weeks to give some protection to the Canadian industry whose very existence depends in no small degree on these duties. The duties are imposed only on those varieties of produce which can be grown successfully in Canada, although they mature at a later date than the United States product.

There can be little argument, I think, as to whether or not it is a good thing for Canada to have its own fruit and vegetable industry. In the first place, this production gives employment and livelihood to many thousands of people; because of them many small cities exist in a reasonably prosperous manner.

But, equally important, the existence of this industry protects the Canadian consumer. It ensures that the Canadian consumer can obtain a reasonable supply in the years when the United States crops are down and the markets in that country cannot be supplied. Again, generally speaking, the presence of a Canadian crop makes a better quality of fruit available to the consumers in this country. Further, and despite the tariff protection the industry is given, the

presence of a fruit and vegetable industry in this country has tended to lower consumer prices for these products.

It is not stretching a point to say that the Canadian people now obtain their fresh fruits and vegetables at lower prices than they would if there were no such Canadian industry and they were dependent upon United States importations even duty free.

Tariff protection for the Canadian fruit industry has meant greater employment in this country with a resultant wider market for many other Canadian goods and services; a steady supply of good quality fruits and vegetables available at reasonable prices. In exchange the Canadian consumer has been penalized not at all, excepting in those occasional years when a surplus of American produced fruits and vegetables might be dumped at "fire sale" prices on the Canadian market. This is a small exchange, indeed, for the benefits derived from the existence of a Canadian industry.

While the fruit and vegetable industry is only one aspect of the whole question of protection, one of the most lucid expositions of the National Policy as it appeared to those who supported it in its early days was given in an address by Mr. Thomas White, Jr., on January 12, 1877, in a speech delivered at London, Ontario, at the invitation of that city's Board of Trade. Col. J. P. Macpherson, nephew of Sir John A. Macdonald, and writer of his biography, thought well enough of Mr. White's address to include comprehensive excerpts from it in his book. It is from the text as quoted by Col. Macpherson that the present pamphlet is reprinted.

R. P. MacLEAN,
Publisher,
The Kelowna Courier.

The National Policy

WHEN the Board of Trade of the city of London did me the honour to invite me to this city to deliver an address upon so important a subject as the relations of the question of Free Trade and Protection to the interests of Canada, I confess to you I had a great deal of hesitation about the propriety of my accepting that invitation. I have no doubt whatever in my own mind as to the importance of this question. I have no doubt in my own mind that it arises, in its relation to the real interests of this Dominion, far above any other question that is prominent in the discussions of the country. But I am a strong party man—I am tolerably known as such; and my only fear in accepting this invitation was that some persons might be ill-natured enough to suppose that I had some party or sinister motive in accepting it. This question, I think, may fairly be discussed without relation to party to-night. (Hear, hear). I think it may fairly be thus discussed, for this reason: That there are in all the political parties of this country considerable diversity of opinion upon the subject. (Hear, hear). Among both parties will be found those who are strong free-traders, and those who are strong protectionists. And I propose, therefore, in discussing it with you here this evening, to deal with it not in its relation to party at all. I desire that we all should, as I hope to be able to, forget that we are party men in any sense whatever, and remember only that we are Canadians,

deeply interested in the prosperity of this country. (Loud applause).

Outline of Tariff Legislation

You will allow me, before I enter upon the discussion itself, to refer somewhat briefly to the tariff legislation of Canada. You will remember that in 1855-56, and 1856 particularly, we had great prosperity in Canada. The Grand Trunk Railway was being built. Enormous sums of English capital were introduced and were being expended in the country. Employment was given to the people; numerous people were brought over from the Old World, some of whom are now to be found among the most prosperous farmers in this and other sections of the Dominion of Canada—men who came here as navvies to work upon the Grand Trunk Railway. Upon the completion of that work the crisis of 1857 came upon us. The prosperity which we had enjoyed for a short time, and which we had all hoped might be permanent, passed away, together with the magnificent schemes of future riches which many a man had built up on the strength of having purchased a lot where a station was going to be built, and had got the geographer to draw him plans of the future city with its magnificent churches and town hall, and other prominent buildings. But they were compelled to realize that the country was not prosperous because of the temporary introduction of capital into it, and the mere temporary expenditure of that capital. Then came the most important act in our tariff legislation. I refer to the Act of 1858, when Mr. Galt, now Sir Alexander Galt, for the first time in Canada introduced the protection principle, and I think you will agree with me that that had an important influence upon the interests of this country. Those of you who look back and remember that period will agree with me that

the industries which sprang up, almost as if by magic, in different parts of the country as the result of the protective duties, compensate us to a very considerable extent for the cessation of those large expenditures in capital which we had had in consequence of the construction of the Grand Trunk Railway. That was the first protectionist, and, I say, the most important Act in the tariff legislation of old Canada; and it had an influence upon the prosperity of the country, such as no one can for a moment question.

Reduced Duties

Our next most important Act—it was important because it was apparently in direct reversal of the policy of 1858—was the tariff of 1866, when the same Finance Minister, Mr. Galt, then a member of the Coalition Government, introduced a Bill which, on the average, reduced the duty on the unenumerated list to fifteen per cent. It is important for a moment to understand the reasons which justified, and the circumstances which rendered possible, that act of legislation. We were at that time discussing the question of Confederation. All parties in Canada had united together to "ground arms" in relation to the old party disputes which had separated them before that time. They had agreed, I say, to "ground arms," and to build up a great Confederation, which would extend from the Atlantic to the Pacific, and to secure for the future of this country that prosperity which seemed almost impossible in the existing state of things. Our friends in the Maritime Provinces were strong free traders; that is, strong free traders in the sense that they desired a low import duty; their duties averaged not more than twelve and a-half per cent. And one of the strongest arguments used against going into Confederation was the high duties of the old Provinces

of Canada. The object, therefore, of that reduction was to assist those friends of Confederation in the Lower Provinces in bringing about that union, the effect of which would be to add a million consumers for the producers of Canada, and would secure for the whole the greater prosperity which all desired.

Now, what were the circumstances which rendered that possible? The United States had just emerged from a great war, and that war had paralysed all their industries. That war had enforced a system of internal taxation which had increased enormously the cost of everything; they produced a system of high duties which increased the cost of everything they imported. They were in that condition which afforded to us, lying alongside of them, and free from these unfortunate circumstances, a higher protection than any possible duty which could have been put on by the Canadian Government. It was fortunate for us, it was fortunate for those who look upon the prosperity of Canada as largely dependent upon a fiscal policy, at that time, when it was necessary—in order to secure this Confederation—to yield somewhat to the views of the Maritime Provinces, that we should, at the same time, be so situated in relation to the neighbouring Republic, that we had a state of affairs which secured us absolute, entire and complete protection for all the industries of this country. You will remember, gentlemen, looking back at that time, that, down to 1873, the people of Canada suffered nothing from the reduction of the duties to fifteen per cent. The industries of Canada suffered nothing in consequence of the change of tariff. On the contrary, prosperity prevailed in every part of the Dominion, and the industries which had been established under the tariff of 1858 continued and flourished. We were saved from that undue, that unfair

competition which has since done so much to injure and paralyse our industries. We were saved from that during these years.

Prices in United States

Now, gentlemen, I am aware that there is a general opinion prevailing that the high prices of articles in the United States at that time were due entirely to high import duties. I am aware that it is alleged as one of the reasons why we should avoid a protective policy, that the protective system at that time was a serious burden of taxes upon the people of the neighbouring Republic. No fallacy could be greater. What caused the high price of goods—as I shall be able to show to your entire satisfaction, I think, before I have done—was not the import duties, but the internal revenue duties which had nothing to do with protection—that internal system of taxation which, instead of being in favour, was directly against any idea of protection, because it is perfectly clear that if you put a duty, say of twenty-five per cent., on an article, in order that you may have it manufactured in the country, and then put on an internal revenue duty of twenty per cent., in order to raise a revenue, it is clear, I say, that the actual protection is reduced to five per cent., and not twenty-five per cent. It was, therefore, I say, the internal revenue system in the United States which at that time caused high prices for everything purchased in that country. In 1873 a change again took place. The revenue system of the country was fast returning to its normal condition. The ordinary industries of the United States were fast resuming their old state, in consequence of the removal of one duty after another in the internal revenue system, and things began to change so that from that time down to the present, under

a steadily increasing ratio, cheapness became the rule insead of dearness for articles in the United States.

You will remember, at least those living in large cities and I suppose some of you know in London, that it was not an uncommon thing for American travellers and tourists to come to Canadian cities to purchase large supplies of what they required, and by a system of "underground railway," take them to the United States, and thus save, by the difference of the prices here and there, enough to pay for a pleasant summer tour—which, therefore, cost them nothing. What is the fact today? In the city of Montreal and in the city of Toronto, and I daresay in the city of London, Americans no longer come to buy articles; but I know people in the city of Montreal who go to New York and there purchase goods—just as New Yorkers did in Montreal, four or five years ago, and they can purchase them cheaper than they can purchase them here, and by the same system of "underground railway" they bring them to this side of the line, and make a large profit. This is a change recognized everywhere, and has done much to provoke the discussion and to revive the interest in the question of free trade and protection—which is the most marked feature of the discussions in the country during the last three or four years.

Argument Against Protection

I am compelled to refer to these discussions in dealing with the question which I have before me. I shall be compelled to refer to the utterances of public men; I propose especially to take the utterances of the Finance Minister in his budget speech last session, not in a party sense, gentlemen, but simply in the sense that in that speech we have the most authoritative statement of the arguments of those

who believe that the true policy of this country will be found in assimilating our system as nearly as possible to that of England, and avoiding as far as we possibly can, that of the United States. It is in that sense, and in that sense only, that I propose to refer to the very able speech —admitted to be able by all parties—of Mr. Cartwright, during the last session of Parliament. He put the case very practically. He stated a plain issue between one side and the other—it could hardly have been more distinctly put. What Mr. Cartwright said upon that point was as follows: "It becomes us to consider the various remedies proposed for this unfortunate state of affairs." He was describing the depression and the demand for a revision of the tariff, to which it had given rise. "In the first place I desire to expend a few words on the general impression which prevails, even in quarters where we would hardly expect to find it, that it is in the power of this Government, of any Government, this Legislature or any Legislature, to make a country prosperous by the mere stroke of a pen or the enactment of Acts of Parliament. I would like honourable gentlemen in this house and out of it, who entertain that illusion, as I consider it, to think to what such a course would lead, and I ask them if they are prepared to pay the price. You cannot have at one and the same time, a free Government and a paternal Government." I say, gentlemen, it is impossible to put the case of the two phases of the opinion on this question more strongly than it is here put. That is, whether a country can be rendered prosperous by a policy of a Government or Legislature.

Experience of United States

We are fortunate, in dealing with this question, in having the practical experience of those who have studied

the question in both its phases in the neighbouring republic. I propose, therefore, rather than give my own opinions, to give you the opinion of some of those gentlemen; and first I shall call your attention to an extract from a speech delivered by Mr. Granger of New York, on the Tariff Bill, introduced into the House of Representatives at Washington in the year 1857. The subject then being discussed was that with which we are dealing to-night. A Protection Bill had been introduced, a strong agitation existed on the subject, although the agitation was only successful in 1861, when the Act came into force before the war broke out. Here is Mr. Granger's opinion of the tariff legislation, and its effects on the country. He says:

"Since the war of 1812, we have at three different times resorted to a protective tariff, to relieve us from financial distress. From 1818 to 1824, with a mere revenue tariff, the balance of trade was against us, and, during that term of six years, our export of specie exceeded our imports $10,000,000. This caused the protective tariff of 1824, and the effect of the change was soon felt. Confidence and activity returned, and, instead of exporting specie, we imported specie to a large amount. The effect was so obvious and gratifying that the still higher tariff of 1828 was enacted—the highest we ever had. Under these two protective tariffs of 1824 and 1828 up to 1834, ten years, the whole country was blessed with a prosperity perhaps never before equalled in this or any other country. In these ten years of protection, from 1824 to 1834, we imported thirty millions of specie more than we exported and paid off the debts of two wars—that of the revolution, and of 1812—in all, principal and interest $100,000,000. Next came the descending compromise tariff of Mr. Clay, reluctantly conceded to the opponents of protection. By a sliding scale

this tariff brought us down to a horizontal tariff of 20 per cent. The result was the Government soon found itself out of funds and out of credit. The tariff of 1842 was arranged for protection and revenue incidentally. It justified the expectations of the most sanguine friends, but it was allowed only a brief existence. It was said in high places that the principle of Protection was wrong, and in an evil hour Congress adopted the maxim, and the tariff of 1842 was repealed, and that of 1846, the present one, substituted. Sir, unless we have a radical change in our tariff laws, we shall surely have another financial crash. We must manufacture more and import less, and keep our specie at home. We have a foreign debt of nearly $250,000,000. Protection is vastly more important to us now than revenue, but we can have them both at once if we will." That gentlemen, is the opinion of Mr. Granger on the tariff, in its relation to its effect on the country. He contended that if a change were not made in the tariff of the country, they would have a financial crash. Whether in consequence of the tariff not being altered, I do not pretend to say, but certainly the crash did come.

Horace Greeley's Opinion

I will give you another opinion—the opinion of an eminent United States public man—of a man, who, however much one might differ from his political opinions, was respected by all, and who was deeply concerned for the prosperity of the whole people of the United States. I refer to the late Horace Greeley. He said:—

"It is within my own recollection that, after the last war we carried on against Great Britain, there was a universal collapse; foreign goods crowded our markets and American factories were shut up; then was labour with-

out employment and agriculture without recompense, which created a feeling that agitated the country. After eight years of commotion the tariff was enacted expressly for Protection. This was enhanced in 1828, and the country arose out of its misery and bankruptcy and collapse into prosperity and thrift. That I know, for I saw it." That was the confession of Mr. Greeley as to the power of the Government or Legislature, by the enactment of wise laws, at such times as it was deemed advisable, to affect the prosperity of the people.

I will quote one other extract from the speech of another great man in the neighbouring Republic—a man whose name is honoured as that of a great man, not only in his own country, but wherever the English language is spoken—Mr. Henry Clay. He thus discusses the two periods of the country's existence, under a Protective policy, and under a policy of Free Trade:

"Eight years ago it was my painful duty to present to the other House of Congress an unexaggerated picture of the general distress pervading the whole land. We must all yet remember some of its frightful features. We all know that the people were then oppressed and borne down by an enormous load of debt; that the value of property was at the lowest point of depression; that ruinous sales and sacrifices were everywhere made of real estate; that stop laws, and relief laws, and paper money were adopted to save the people from impending destruction; that a deficit in the public revenue existed, which compelled the Government to seize upon and divert from its legitimate object the appropriations to the Sinking Fund to redeem the national debt, and that our commerce and navigation were threatened with a complete paralysis. In short, sir, if I were to select any term of years since the adoption of

the present constitution which exhibited a scene of the most widespread dismay and desolation, it would be exactly that term of seven years which immediately preceded the establishment of the tariff of 1824."

That was a sufficiently gloomy picture of national distress; but he had a brighter picture to present as its counterpart. "I have now to perform the more pleasing task of exhibiting an imperfect sketch of the existing state of the unparalleled prosperity of the country. On a general survey, we behold cultivation extended, the arts flourishing, the face of the country improved, our people fully and profitably employed, and the public countenance exhibiting tranquillity, contentment, and happiness. And, if we descend into particulars, we have the agreeable contemplation of a people out of debt; land rising slowly in value, but in a secure and salutary degree; a ready, though not extravagant, market for all the surplus productions of our industry; innumerable flocks and herds browsing and gambolling on ten thousand hills, and plains covered with rich and verdant grasses; our cities expanded, and whole villages springing up, as it were, by enchantment; our tonnage, foreign and coast-wise, swelling and fully occupied; the rivers of our interior animated by the perpetual thunder and lightning of countless steamboats; the currency sound and abundant; the public debt of two wars nearly redeemed; and, to crown all, the public treasury overflowing, embarrassing Congress not to find subjects of taxation, but to select the objects which shall be liberated from the impost. If the term of seven years were to be selected of the greatest prosperity which this people have enjoyed since the establishment of their present constitution, it would be exactly that period of seven years which immediately followed the passage of the tariff of 1824. This

transformation of the conditions of the country from gloom and distress to lightness and prosperity has been mainly the work of American legislation fostering American industry, instead of allowing it to be controlled for foreign legislation cherishing foreign industry."

That, gentlemen, is the opinion of Henry Clay, a great man, all will admit—a man fully competent to give an opinion on the effect of legislation upon the people—and it must be admitted by all parties that the inference which he drew, and the strong opinion which he gave utterance to, was contrary to the opinion of Mr. Cartwright, Mr. Clay being clearly of opinion that, under certain conditions, the Legislature could pass such measures as, under certain conditions, would improve and enhance the prosperity of the people. (Applause).

Tariff of 1858

But, gentlemen, we are able to prove that Mr. Clay was right by our own experience in Canada. I have already referred to the effect of the tariff passed in 1858. Every one will admit that the effect of that tariff was to increase the prosperity of our country by the building up of manufactures. It did more. By its adoption of the ad valorem as opposed to the specific system of duties a direct trade was built up, the effect of which has been to produce this magnificent result—that Canada to-day stands fourth amongst the maritime nations of the world. (Applause). You will remember that in 1872, the American Government took the duty off tea. Sir Francis Hincks, then Financial Minister in Canada, recognizing the fact that it would be well for Canada to adopt a similar policy, took the duty off tea imported into Canada. But after he had passed the Bill taking off the duty, he discovered that the American

people (following the course they generally adopt) considering their own interests as opposed to the interests of Great Britain and this country, had a clause in their law by which a duty of 10 per cent. was charged on all tea imported from countries west of the Cape of Good Hope. There was nothing said in this clause about Canada or Great Britain; but they were (as they were really meant to be) alone included; and, of course 10 per cent., special duty, was charged on all tea exported by way of Canada to the United States. Sir Francis Hincks, with that acuteness which all parties admit he possesses, with that instinct in relation to the interests of the people which is peculiarly his own, said that if we permitted Free Trade with the United States, and allowed them to charge 10 per cent. duty, the effect would be the transfer of the entire tea trade to the United States. Sir Francis, therefore, passed an Act in the same session, providing that the Governor in Council might, by Order in Council, impose a duty on all tea coming from the United States, equal to the duty charged by the United States on tea imported into that country from Canada, and that Act had preserved to Canada its own tea trade, and we enjoyed all its advantages.

Mr. Cartwright's Error

A direct trade was fast springing up, and was becoming one of the great factors of the country's prosperity when, in 1874, Mr. Cartwright proposed again to alter the duties. He did not put on the 10 per cent., and what was the result? It was that the direct tea trade of Canada was destroyed by a stroke of the pen embodied in an Act of the Legislature. Many men in the City of Montreal, prominent tea men, had actually been compelled to leave that city and go to the United States, from whence they are issuing

circulars to the trade all over the Dominion of Canada, hoping from that point to do the business which they formerly did from the Canadian city. And the same from all our cities as the result of that simple matter of 10 per cent. I am aware that it is said that there never was 10 per cent. before Sir Francis Hincks put it on; and that, therefore, Mr. Cartwright did simply what had always been done by previous Governments. Let me show that that argument is not strictly a fair one. When we had tea duties before, they were part ad valorem and part specific. To the extent that they were ad valorem, they were a direct premium upon a direct trade—that this, a duty charged upon the article at the point of export (in China, for instance) coming here. To the extent the duty was ad valorem, it was a direct incentive to direct trade. Men going to the city of New York to purchase a quantity of tea would be compelled to pay duty on the charges of getting it to New York, as well as on the actual cost of the tea; but if he got it direct from China he had only to pay ad valorem rate upon the prices in China. So that, practically, we had what was equivalent to the 10 per cent. differential duty in this understanding. But by the system of to-day that has been taken away.

Then, gentlemen, you remember the effect in connection with the sugar duties. Owing to the American "drawback" which is simply a bounty concealed as a "drawback" —our refineries in Canada have actually been compelled to close up. I am not going to discuss that question in all its bearings. As Dundreary says: "It is one of those questions which no fellow can understand." But the prominent fact we know is that 400 heads of families have been thrown out of employment; the refineries have been shut up, and a direct incentive to West India trade, as I

shall show further on, has been destroyed, simply for want of legislation, for want of "a stroke of the pen embodied in legislation," which would meet the policy of the United States in giving their heavy "drawback" to American refiners, by which they are able to glut this market. Indeed, Mr. Cartwright practically admits that the action of the Government may materially affect the condition of the people, for here let me give another extract from that speech: "Any man who carefully examines the working of their system," that is the American system, "will find that their high tariff had tended most materially to enrich a very few and seriously impoverish the great masses of the people. I believe the creation of colossal fortunes, such as has taken place there (in the United States), and perhaps in other countries, does threaten serious mischief. I have no objection to the accumulation of reasonable independence, nor do I indulge any hope of enacting sumptuary laws to limit the amount which any man should accumulate in a lifetime; but I do say that anything which overrides the ordinary natural laws, and operates in the direction of large accumulations in a few hands, is dangerous and ought to be discouraged." Now, gentlemen, without for a moment arguing that point at this time, I think you will agree with me that it cannot be said in one and the same speech, or at any rate it ought not, that it is not in the power of Legislature by a stroke of the pen, or by any mere Act of Parliament, to affect the prosperity of the people, while at the same time you may so far effect them as to allow the building up of colossal fortunes in the hands of the few, and seriously to impoverish the many. (Loud applause).

Free Trade Arguments

There is, however, a great deal of difficulty in keeping

our free trade friends to any direct line of argument. I have shown you that Mr. Cartwright's views—and his views are those of a great many others—are that the effect of protection is to build up colossal fortunes in the hands of the few, to the prejudice of the great mass of the people. Now, what does David Wells say as to this—and this statement of Mr. Wells is quoted by Mr. Cartwright, and I take the quotation from the speech of that gentleman: "Every prophecy so confidently made in the past as to the results of protection in inducing national prosperity has been falsified, and one has only to pick out the separate industries which have been especially protected to find out the ones which are more especially unprofitable and dependent.

"It is sufficient to say that the existing depression and stagnation is without parallel, eight of the principal mills of the country have been sold, on compulsion, within a comparatively recent period, for much less than fifty per cent. of their cost of construction; The Glendham mills in particular—one of the largest and best equipped woollen establishments in the United States, advantageously located on the Hudson, about fifty miles above New York, and representing over one million of dollars paid in—having changed hands since April 1st, last, for a consideration of less than two hundred thousand dollars. Here, then, we have Mr. Wells' assurance that 'one has only to pick out separate industries especially protected to find out those unprofitable.'"

Now, gentlemen, that statement may be right, or it may be wrong. I am not going to say whether it is right or wrong; but what I am going to say is this: that if the effect of protection has been to destroy the industries which were protected, and that they have been unprofitable and

dependent just in proportion as they have been protected, then it cannot be true that the effect of protection is to build up colossal fortunes in the hands of a few to the prejudice of the many. (Applause). If, however—and I think that is an important statement to consider—if it be true that the effect of protection is to build up colossal fortunes in the hands of the few, and to seriously impoverish the great masses of the people—then, gentlemen, I say that is a good argument against protection, and no really true-hearted, honest, patriotic man ought, for one moment, to advocate it. The principle should be, undoubtedly, "the greatest good for the greatest number." If the effect of protection is simply to benefit the few to the injury of the many, then, I say, let the few perish, but give us prosperity for the many. (Hear, hear). That, undoubtedly, is what every honest, patriotic man would say. But what are the facts?

Let us look at them, and in the light of them judge whether the effect of protection is "to build colossal fortunes in the hands of the few, and seriously to impoverish the masses of the people." Now, we have two countries which may fairly be taken as illustrations of the two systems. We have England on the one side—which, however, is not a fair illustration of the free trade system as applied to the world over, for the reason that the peculiar position of England, her immense wealth, her tremendous accumulations of coal and iron lying together; her insular position, her command of an enormous mercantile marine, many of which advantages were built up by a system of protection and restriction as great as that which ever prevailed in any other country—I say these advantages give her a position which renders it impossible to cite her for illustration for a country like Canada, or the United States twenty-five

or fifty years ago. We are urged to adopt England's policy, I presume, because the policy there does not, it would seem, build up colossal fortunes in the hands of the few, and does not seriously impoverish the great masses of the people. The United States is cited as an example which should deter us, because its system does build up colossal fortunes in the hands of the few, and seriously impoverishes the many. I have no desire to say one word against the dear old mother land, but we are dealing with practical questions, and we must deal with them as facts present themselves to us. I say, what is the position? There is one fact in relation to the United States and Canada of which I think we may be proud, both Americans and Canadians—that is, in no country on the face of the earth is the distribution of the wealth, and the comforts which produce wealth, so general and universal as on this North American continent, both sides of the line. (Hear, hear).

Distribution of U.S. Wealth

Look at one fact I will give you as an illustration of the distribution of the wealth among the masses of the people in the United States. According to the report of the Imperial Commissioners on Emigration—and that is an authority which ought to be accepted without cavil—in one year, in 1870, there were sent from America in amounts to pay the passages of immigrants to come to the United States—and these were sent by people who had themselves come out, and were comparatively poor—the enormous sum of £727,408 sterling, or in round figures $3,627,040; while in the twenty-three years from 1848 to 1870 inclusive, the amount they sent over was £16,334,000 sterling, or an average, annually of $3,550,870. These are the evidences of the condition of the great masses of the

people in the United States. What is the condition of the poor in England? On this point I will not cite hostile testimony, but I will quote English opinions. Mr. John Bright should be taken as a correct exponent on this question, if any man may be. He says: "There are one million people who are paupers on the parish in England, and another million are perpetually lingering on the very verge of pauperism." What does Sir Morton Peto say: "It is an awful consideration that in England, abounding as it does with wealth and prosperity, there are nearly a million of human beings receiving indoor and outdoor relief as paupers in the different unions, besides the still greater number dependent upon the hand of charity. As the populations of England and Wales, by the late census, were 20,205,504, it follows that nearly one-twentieth part of our people are subsisting upon charity."

Depression in England

Then I will quote Mr. Joseph Kay, a Cambridge man, in a work on the condition of British workmen: "The poor of England are more depressed, more pauperized, more numerous in comparison to the other classes, more irreligious, and very much worse educated than the poor of any other European nation, solely excepting Russia, Turkey, South Italy, Portugal and Spain." Lord Napier says, and his statement, it will be seen, has direct reference to the point urged by Mr. Cartwright: "The proportion of those who possess, to those who possess nothing, is probably smaller in some parts of England at this moment, than it ever was in any settled community, except in some of the republics of antiquity, where the business of mechanical industry was delegated to slaves." Judge Byles, another English authority, writes as follows:—"In the fierce struggle of

universal competition, those whom the climate enables, or misery forces, or slavery compels, to live worse and produce cheapest, will necessarily beat out of the market and starve those whose wages are better. It is a struggle between the working classes of all nations, which shall descend first and nearest to the condition of brutes." That is a very hard sentence, but unfortunately I am afraid that, under free trade conditions, it is only too accurate a statement of conditions of labour and successful competition. The City Chamberlain of Glasgow reports that: "By the census of 1861 more than 28,000 houses in Glasgow were found to consist of but a single apartment each, and above 32,000 of but two, so that the whole 82,000 families comprising the city, upwards of 60,000 were housed in dwellings of one or two apartments each.

Now gentlemen, having given you these English authorities as to the condition of the masses in England, let me give you an extract from an English authority, concerning the condition of the masses in the United States, under a system, which, according to Mr. Cartwright, ought to seriously impoverish the great masses of the people while creating colossal fortunes in the hands of a few. Let me give you the opinion of Mr. Archibald, British Consul at New York—I find it in a blue book which has been compiled from the reports of different consuls on the conditions of labour in all parts of the world, and submitted to the Imperial Parliament in 1872—and what does he say: "The value of intelligent labour has never been so much appreciated in the United States as during the last twelve years. A completion of railway facilities linking the new States of the North-West to the eastern seaboard; a rapid development of the agricultural resources of these States by the vast crowds of immigrants brought over by the

transatlantic steamships, which, in return, convey into their holds the cereal and other agricultural products of the labour they have borne to these shores; a protective tariff stimulating for the last ten years the industries of the older States; the social condition and political institutions of the country, promising advantages to the immigrant and his children, not so fully enjoyed in their native lands; have all combined in presenting inducements to the working classes of Europe, of which they have not been slow to avail themselves, as is shown by the statistics of immigration . . . There is probably no country in the world, which, outside of the immigration ports, offers equal advantages to the operators or farm labourers." That is the testimony of Mr. Archibald in relation to the people in that country, under whose system, according to those who argue in favour of Free Trade, colossal fortunes should have been built up by a few, and the great masses impoverished. (Applause).

Now, there is another argument used by those who call themselves free traders—I again quote from the speech of Mr. Cartwright in the same sense as before—and this is, that—"The effect of a high tariff is not to add to any extent to the population of the country, but to promote an artificial transference from the rural districts to the towns and cities at the expense of the agricultural interests. If you discriminate against the agricultural interests, if you enact that they shall receive less from the results of their labour than they would without your interference, then you undoubtedly promote an artificial transference from the country to the town . . . There is not the slightest doubt that this has been one—although I will not say a very great—cause of the commercial depression in this country. I say the onus is now thrown upon those who advocate a high protective tariff. Let them consider what

they ask this country to do. They ask us to tax nineteen-twentieths of the population for the sake of the one-twentieth."

Protection Benefits All

I agree that there is no justice in assisting to build up one class at the expense of another. If that fact could be established—and it was almost a shibboleth of free traders—I would give up my advocacy of protection. The question is, does protection discriminate? In regard to this point I will give a quaint illustration advanced by Mr. Horace Greeley in 1873, as to the mutual interests of the people in this system. He says: "I am a printer of newspapers, and I have no other product to sell; and whatever I buy must be bought from the proceeds of the sale of newspapers. Now, I am a consumer of iron, and in my business, probably, have 100 tons of iron in the basement only of the building in which I work. I want to buy it cheaper; but, in order to do so, I must consider, not merely what the price is in dollars, but how I shall get the dollars. Now, I say, give me iron makers who will buy my newspapers off me, and I can afford to give them more for the iron I need than I can give to the iron-workers who cannot, in the nature of things, and will not, purchase my paper. This is a very simple proposition, but it covers the whole ground." Mr. Greeley, by using American iron, secured employment for a large number of people, who bought his paper. They made him more prosperous, though he paid more for his iron, and thus the mutual interest is admirably established.

Then we have another statement by another man, whose name had doubtless been heard of—General Jackson. He was arguing in favour of Protection in the interest of

the agriculturist, he being a representative of an agricultural country, and what does he say: "I will ask what is the real situation of the agriculturist? Where has the American farmer a market for his surplus products? Except for cotton he has neither a foreign nor a home market. Does not this clearly prove, when there is no market at home or abroad, that there is too much labour employed in agriculture, and that the channels of labour should be multiplied? Common sense points out at once the remedy. Draw from agriculture the superabundant labour, employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs, and distributing labour to a most profitable account, and benefits to the country will result. Take from agriculture in the United States six hundred thousand men, women and children, and you at once give a home market for more breadstuffs than all Europe now furnishes. In short, sir, we have been too long subject to the policy of British merchants. It is time we should become a little more Americanized, and instead of feeding the paupers and labourers of Europe, feed our own, or else, in a short time, by continuing our present policy, we shall be paupers ourselves. It is, therefore, my opinion that a careful tariff is much wanted to pay our national debt and afford us the means of that defence within ourselves on which the safety and liberty of our country depend, and last, though not least, give a proper distribution to our labour, which must prove beneficial to the happiness, independence and wealth of the community."

This was written in 1823, if I remember rightly. Now, I think it must be admitted that the argument was fairly put, and accorded with experience. Look at our own experience. What was the value of great centres of trade and industry? Take London and the farms around it. What

renders the farms here more valuable and the farmers more wealthy than they would be if they were in Muskoka? You say at once, because they have a home market. There is a large number of people here that require their products; and the fact is seen that the advantage of the farmer is in the building of these centres of population. Protection does not discriminate against the farmers. It is a most remarkable doctrine that the farmers are injured by the people becoming consumers rather than producers of agricultural products.

The measure of taxation of the people is the requirement of the Government. If they require $23,000,000 they must raise it, no matter how; if no more, they do not require to raise it; and if in raising it they so distribute it as to enhance large industries, it is for the benefit of the country, and does not add to the taxes of the people. But if the effect of protection is to enhance the price of certain articles, then there is a taxation of one interest for the benefit of another. But I contend that protection does not necessarily and permanently increase the cost of the articles protected, and in support of that proposition I will give two or three instances from the States.

Experience in Iron Trade

The first extract would be from a publication recently made on the iron trade of America: "Before axes were made in this country, except by country blacksmiths, English axes cost our farmers and others from $2 to $4 each. By the tariff of 1828, a protective duty of thirty-five per cent was levied upon imported axes. Under this protection the Collins Company of Hartford introduced labor-saving machinery, much of which was invented, patented and constructed by themselves. In 1836 foreign and home-made

axes were selling side by side in the American market at $15 and $16 per dozen, at which time foreign producers withdrew their competition, abandoning the entire market to American manufacturers. Then home rivalry and improved methods continued the decline in prices. Axes were selling in 1838 at $13 to $15.25 per dozen; in 1840 at $13 to $14; in 1843 at $11 to $12; in 1845 at $10.50 to $11; in 1849 at $8 to $10. In 1876 the price of the best American axes in the market is $9.50 per dozen, currency, and the country exports large quantities to foreign markets." Now, that is the effect of protection upon one article—that of axes.

Then, in the same publication, we have this extract: "A list of the wholesale prices at New York of fifty-seven leading articles of hardware and cutlery, prepared for us by Mr. David Williams, publisher of The Iron Age, shows that more than half of them are cheaper in currency in 1876 than gold in 1860, with two exceptions; the remainder are as cheap now as in 1860."

But, strangely enough, I have Mr. Cartwright's own admission that the effect will not be to increase the price. He says: "As to the curious allegations made by the protectionists that if our manufacturing friends are sufficiently protected it will not increase the cost to the consumer, as sufficient competition will arise to cut down prices so low that we shall be just as well off as under the present tariff, I have simply this to say, that I think in time that result would be produced, but I also think it would take time, and during that period a few gentlemen would make large fortunes, while the rest of the community would have to pay an enormous price for that benefit. But I may add, sir, if that is to be the result, if the desire of the protectionists is by internal competition to cut down the standard of

prices, I would strongly recommend the gentlemen to begin now, and by these means defy competition." I think the latter statement unworthy of any public man. Mr. Cartwright knows—and every intelligent man must know—that the condition for building up industries is to accumulate capital around them. And how can capital be best accumulated? By the protection of young industries, that they may be able to grow up in our midst. And to tell manufacturers that they are to invest their capital, and start their enterprises, and then to be subjected to the unfair "slaughtering" of a neighbouring nation, is simply to insult the intelligence of every manufacturer in the land. (Applause).

Canada a Slaughter Market

And now I come to a question which has recently, and with considerable cause, too, given rise to a great deal of discussion in this country. I refer to the fact of Canada being made a slaughter market for the United States. Mr. Cartwright admits this when he says: "I don't propose at this moment to enter fully into the discussion raised as to Canada being a sacrifice or slaughter market. But I must admit, candidly and honestly, that I have no doubt that the distress of the manufacturers has been aggravated—though I will not say to what extent—by this cause." That is a fair admission of Mr. Cartwright, and every one knows it is only too true—that Canada has been made a slaughter market for the United States. And the United States is not an exceptional case to this rule. It is the object of all large manufacturing communities to kill off small manufacturing communities, first by opposing a high tariff, and then by flooding the markets of its less able competitor. Here is a statement made by Lord Brougham in the House

of Lords in 1816: "It is well worth while to incur a loss upon the first exportation, in order by the glut to stifle in the cradle those rising manufactures in the United States which the war has forced into existence contrary to the natural course of things." Lord Brougham's opinion of the "natural state of things" was that the people of this country should be hewers of wood and drawers of water to the manufacturers of the mother land. With all due respect to the memory of Lord Brougham, I think the people of this country will differ from him. (Applause).

Not only that, but in 1854 an English Royal Parliamentary Commission reported: "The labouring classes, generally in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all, to the immense losses which their employers voluntarily incur in bad times in order to destroy foreign competition, and to gain and keep possession of foreign markets. The large capital of this country is the great instrument of warfare against the competing capital of foreign countries, and the most essential instrument now remaining by which our manufacturing supremacy can be maintained." The great object which they had in view was, even to the extent of sacrifice, to kill off whatever manufactures appeared to be springing up in other countries, in order that they might secure the market for themselves.

Danger of Cheap Goods

While that process is going on, it is quite true you may have cheap goods, while industries are being destroyed, while capital is being driven from the country, while men who were employed among you are compelled to "take up

stakes" and, with their families, seek in a more prosperous place the employment denied them here—while all these things are going on you may have goods cheaper; but the moment rival manufactories are put out of sight, the instant the object is attained, there is no longer any sacrifice of the goods, and you have to pay the price the manufacturer chooses to exact. (Hear, hear).

Now, I am aware that it is said in answer to what I have just been saying, that it is an inevitable rule of political economy that consumers always pay the duty. On tea in this country, that is true, because we do not produce tea; on rice, that is true, because we do not produce rice; on whatever we cannot produce, that is quite true—that the consumer must pay the duty on the cost of the article. But that is not true in relation to articles which we do produce; and I can give you two illustrations. When Mr. Galt brought in his tariff of 1858 the Sheffield manufacturers petitioned the Imperial Government to disallow the Act. To them it was horrible that colonists like us should be guilty of establishing manufactories and competing with their mightinesses in Sheffield, and they implored the Government of that day to say, as Lord Brougham put it, that "the natural condition of things should be restored." While they furnished the articles, it should be matter of no moment to them what the duties were if the consumer paid the duty. But it was because they knew that we did not pay the duty, and because we were competing with them, and compelling them to reduce the prices that they petitioned the Imperial Government.

Britain's Advantages

But I will notice for a moment a question put by my friend, Mr. Mills, a short time ago, when he addressed

the Chamber of Commerce in this city, and I notice it because a question put by him assumes an importance which it would not otherwise have. The question is, "if protection was good, why did not England adopt it?" Well, that does seem a "poser" for protectionists. But, gentlemen, I will just show you two English authorities, giving one of the reasons why England adopted free trade in the first instance, and inferentially why it continues free trade. Mr. Robertson, M.P., during the discussion on Free Trade said: "It was idle for us to endeavour to persuade other nations to join with us in adopting the principles of what was called Free Trade. Other nations knew, as well as the noble lord opposite and those who acted with him, what we meant by Free Trade was nothing more or less than, by means of the great advantages we enjoyed, to get monopoly of all their markets for our manufacturers, and to prevent them, one and all, from ever becoming manufacturing nations." In this extract, and in others that I have quoted, you have the answer to Mr. Mills' question. Possessing the numerous advantages which England possesses, she can afford to become the apostle of Free Trade, in order that the prevalence of her opinions may secure the uninterrupted control of foreign markets for her manufacturers. (Applause). I will refer once more to the speech by Mr. Mills, delivered here. I accept his challenge, and I assert that the following grounds are true in respect to protection: It increases capital; it increases labour; it stimulates trade; it improves appliances.

The Reciprocity Proposal

And now, gentlemen, I have a word to say in reference to whether this policy is appropriate to Canada. We are a colony of the British Empire, and God grant that we

may long remain so. (Hear, hear, and applause). We have had discussions as to whether it is advisable to have independence for this country; and we have had discussions whether it would be better to have Canada annexed to the United States; and there have been proposals to establish an American Zollverein. The independence cry is dead, and we will bury it out of sight. So far as an American Zollverein is concerned, I had the pleasure of being appointed one of the delegates of the Dominion Board of Trade to the meeting of the National Board of Trade at St. Louis. We went there with the instructions to try and have a reciprocity in trade established. They were anxious to have Free Trade with us, but they wanted a deal more than reciprocity. They proposed to abolish the entire Custom Houses along the line, and that Canada and the United States should impose equal duties on all articles coming from other countries. That was simply to cut connection with Great Britain—(hear, hear)—because to combine with another power to discriminate against the mother land was simply to declare separation from her. And the honest course would be to separate at once. (Applause).

We, of course, did not accede to the proposal. But the National Board passed a resolution—I am afraid as a mere matter of courtesy to the Canadian delegates—which they have repeated at every meeting since then, without any influence on the Government, that it was desirable to have reciprocity with this country. Our greatest competitor is the United States. They slaughter in this country because of its proximity. Everyone must see that when a nation has manufacturing power for 40,000,000 people, it can as easily, and with scarcely any additional cost, manufacture for 44,000,000. They are thus enabled, during certain seasons, to sell their goods in this country at a mere nothing rather

than force them into their own market, during a dull season, and thus bring down the price there. By slaughtering their goods in this country, they are enabled not only to keep up their own prices but to kill off our manufactures. (Applause).

And what we have to complain of is that this advantage is given to the United States, whose trade regulations are hostile to us, and whose whole fiscal policy has been against us. (Hear, hear, and applause). And the only policy you are met with by the United States, when you wish a change, is inimical to your interests; not a policy to your advantage, but one which they consider will have the ultimate effect of driving us into annexation. We propose a policy to put a stop to this feeling, which every Canadian must dislike. It is said we cannot adopt a differential duty. Mr. Irving, during the debate in the House of Commons last year, made some very appropriate remarks on this subject. He cited a clause of the Convention of Commerce, in 1815, which is commonly said to show that we cannot adopt these differential duties. Here is the clause: "No higher or other duties shall be imposed on the importations into the territories of his Britannic Majesty in Europe, of any articles the growth, produce, or manufacture of the United States, and no higher or other duties shall be imposed on the importation into the United States of any articles, the growth, produce, or manufacture of His Britannic Majesty's territories in Europe, than are or shall be payable on like articles being the growth, produce, or manufacture of any other foreign country." It is quite clear from that clause that England cannot adopt a system of differential duties, as against the United States. But the next clause goes on to say: "The intercourse between the United States and His Britannic Majesty's possessions

in the West Indies, or on the continent of North America, shall not be affected by any of the provisions of this article, but each party shall remain in the complete possession of his rights." Not only, therefore, is there nothing in that treaty which prevents us from adopting differential duties, but there is an express provision in it that we shall not be so prevented. And we have had differential duties as late as 1847. Not only that, but the tea duty of Sir Francis Hincks was a differential tariff. It was placed on your statute book, and there was not any attempt by the United States or England to prevent it. That is a system of differential duties which may be fairly placed on articles at the present time.

Many people say we should have reciprocity. No doubt for a great many people it would be well to have reciprocity. No doubt the farmer, living on the frontier would feel it to be an advantage. No doubt he must feel a hardship in the farmer of the United States being allowed to bring his produce to sell in the Canadian market without being charged a duty, and he (the Canadian) unable to take his produce over to the United States without paying a heavy duty. Reciprocity in the natural products of the country would be a good thing. But I do not believe that reciprocity, in regard to manufactured goods, is possible. If we took off the duty on goods imported from the United States, we could not, as loyal subjects, impose duties on goods brought from the mother country. If we have free interchange with the United States, we must have the same with Britain. (Applause). All protection against the mother country would thus be gone. We would find ourselves in this position: We would have the country free to the United States and to Britain, and would be unable to maintain, much less to increase, our present manufac-

tures, while the United States would be protected from all the countries of the world.

Immigrants Need Employment

There is another argument I wish to advance in favour of protection. It promotes immigration. Emigrants from the mother land, on arriving in this country, do not all want to be sent into the woods to earn a livelihood; do not all desire to leave the occupations taught them at home, in order to become agriculturists here. They want a diversity of employment, and unless we have legislation of the kind I have mentioned, legislation which will permit the skilled workman to continue his calling in this country, they will most assuredly wend their way to the United States, and seek there that employment which, through a narrow sighted policy, is denied them here. We have vast territories to fill up in the North-west and British Columbia, that glorious land which Lord Dufferin so lately visited, and spoke so approvingly of. It is our duty to fill up these vast territories, to develop their wonderful resources, and we can best assist in doing so by the adoption of a policy which will tend to improve the condition of the manufacturer, and in the nature of things materially benefit all classes of the community. We don't want to be hewers of wood and drawers of water for our neighbours for all time to come. That is not our object. Our aim should be to legislate to build up Canadian interests, that capital may find profitable investment, labour diversified employment and the people prosperous and contented homes.